

# PHARMANUTRA

**BUY**

Sector: Consumers

Price: Eu53.70 - Target: Eu82.00

## 1H Growth and Margin Rebound after Fixing Wholesale Issues

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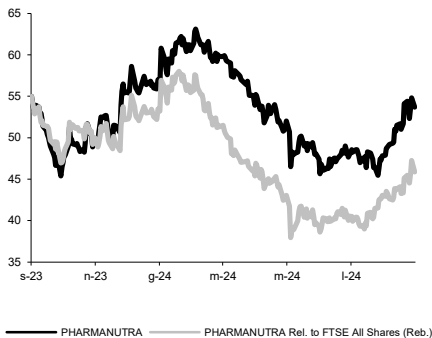
### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 79.00 to 82.00		
	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>Chg in Adj EPS</b>	0.4%	3.4%	3.8%

### Next Event

3Q24 Results Out 11 September

### PHARMANUTRA - 12M Performance



### Stock Data

Reuters code:	PHNU.MI		
Bloomberg code:	PHN IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	12.3%	11.6%	-1.1%
Relative	7.0%	14.9%	-19.3%
12M (H/L)	63.10/45.40		
3M Average Volume (th):	5.55		

### Shareholder Data

No. of Ord shares (mn):	10
Total no. of shares (mn):	10
Mkt Cap Ord (Eu mn):	520
Total Mkt Cap (Eu mn):	520
Mkt Float - Ord (Eu mn):	182
Mkt Float (in %):	35.0%
Main Shareholder:	
Andrea Lacorte	31.4%

### Balance Sheet Data

Book Value (Eu mn):	63
BVPS (Eu):	6.55
P/BV:	8.2
Net Financial Position (Eu mn):	5
Enterprise Value (Eu mn):	514

**1H24 results.** 1H24 top line and EBITDA exceeded our expectations by 4% and 10% respectively. Net sales (€56.1mn, +13% YoY) after a subdued 1Q (+0.5%) benefitted from a sequential acceleration in 2Q (+24% YoY) driven by solid trends in foreign markets (1H: +32% YoY, 33% of total sales) and a re-acceleration in Italy (1H: +6%, o/w 2Q: +14% YoY, 1Q: -3%) thanks to the fading away of the temporary issues in the wholesale procurement process experienced in 1Q. Akern contributed c.5% of total sales (€2.8mn), while new initiatives made a marginal contribution on the top line (€1.1mn, of which €0.7mn from China). Despite steady investments in start-up costs for new initiatives (€2.8mn, equally split between 1Q and 2Q), the adj. EBITDA margin on net sales bounced back to 28.9% (+0.6pp YoY), showing a 35% profitability peak in 2Q. Excluding start-up costs, the EBITDA margin on recurring business was 33% (31.2% in 1H). Net profit came in at €8.96mn (+12% vs our exp., 15.6% margin) as a result of stronger EBITDA, and higher D&A related to the new HQ. The icing on the cake was a solid FCFO (€7.8mn, our exp. €7.0mn) reflecting limited working capital absorption (-€2.8mn), which, together with CapEx (€1.3mn) and dividends (€8.2mn), drove net debt to €4.5mn (our exp. €5.2mn), slightly up vs YE23 (€2.6mn).

**Confident tone from conference call.** FY Outlook: after +13% in 1H, management still expects low double-digit top-line growth (in line with consensus), reflecting the challenging comparison with 2H (especially 4Q23). Despite the 2Q profitability peak of 35%, the company still sees a margin around 25%, in line with consensus, due to ongoing investment in new initiatives. Confident tone on Italy: in 2Q, PHN saw a 2% increase in units sold and 6% growth of value in Italy, with sell-out rising 10%, driven by a 16% increase in direct orders, and continued recovery in July, with sell-in expected to align with sell-out by year-end. The recent launch in Germany was supported by an exhaustive marketing plan with Fresenius Kabi, but no significant sales contribution is expected in 2024-25. Launch of vitamin D3 and B12 scheduled for 4Q, but no material contribution in 2024-25. China: promising take-up, some update expected in 2H.

**Change in estimates.** We make minor changes to our estimates, raising FY24-26 revenues and EBITDA by 1-2%. This leads to a neutral EPS change for this year and a 3-4% increase in FY25-26.

**BUY confirmed; target increased to €82 (from €79).** On our new estimates, we reiterate our BUY rating, raising our DCF-based TP to €82 (from €79), which offers 53% upside. 2024 is set to be a transitional year, with 1H improving visibility on our estimates following the resolution of contingent and temporary issues encountered in 1Q. We believe the market is ready to take a new look at a story of massive long-term structural growth, especially if the coming quarters provide greater visibility from new strategic initiatives. Based on hints provided at last year's Investor Day, new business opportunities could unlock significant further growth in both sales (2022-30 CAGR +19% vs. +11% organic) and EBITDA (CAGR +20% vs. 13% organic), resulting in huge, long-term upside worth up to €90-100/share on top of our TP. On the existing business, PHN looks very well placed in a steadily-growing industry thanks to undisputed leadership in solid oral iron supplements, high entry barriers due to IP protection, and a relentless commitment to R&D.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	83	100	112	124	136
EBITDA Adj (Eu mn)	24	26	29	32	35
Net Profit Adj (Eu mn)	15	15	17	20	22
EPS New Adj (Eu)	1.554	1.596	1.775	2.075	2.297
EPS Old Adj (Eu)	1.554	1.596	1.767	2.007	2.213
DPS (Eu)	0.800	0.850	0.887	1.038	1.148
EV/EBITDA Adj	25.3	20.6	18.0	15.8	14.0
EV/EBIT Adj	26.8	23.3	20.5	17.9	16.0
P/E Adj	34.5	33.6	30.3	25.9	23.4
Div. Yield	1.5%	1.6%	1.7%	1.9%	2.1%
Net Debt/EBITDA Adj	-0.4	0.1	-0.2	-0.5	-0.8

**PHARMANUTRA – Key Figures**

<b>Profit &amp; Loss (Eu mn)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Sales	68	83	100	112	124	136
EBITDA	20	24	26	29	32	35
EBIT	19	23	23	25	28	31
Financial Income (charges)	0	0	-0	-0	-0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	19	23	23	25	28	31
Taxes	-5	-8	-10	-8	-8	-9
Tax rate	26.8%	35.7%	44.8%	30.5%	28.0%	28.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	14	15	13	17	20	22
EBITDA Adj	20	24	26	29	32	35
EBIT Adj	19	23	23	25	28	31
Net Profit Adj	13	15	15	17	20	22
<b>Per Share Data (Eu)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Total Shares Outstanding (mn) - Average	10	10	10	10	10	10
Total Shares Outstanding (mn) - Year End	10	10	10	10	10	10
EPS f.d	1.422	1.554	1.325	1.775	2.075	2.297
EPS Adj f.d	1.375	1.554	1.596	1.775	2.075	2.297
BVPS f.d	4.657	5.263	5.620	6.548	7.739	9.002
Dividend per Share ORD	0.710	0.800	0.850	0.887	1.038	1.148
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	49.9%	51.5%	64.1%	50.0%	50.0%	50.0%
<b>Cash Flow (Eu mn)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Gross Cash Flow	15	16	16	21	24	26
Change in NWC	5	-2	-4	-2	-1	-1
Capital Expenditure	-5	-11	-13	-3	-3	-3
Other Cash Items	-1	0	0	0	0	0
Free Cash Flow (FCF)	15	3	-1	16	19	22
Acquisitions, Divestments & Other Items	0	-11	0	0	0	0
Dividends	-6	-7	-8	-8	-9	-10
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	6	-19	-9	8	11	12
<b>Balance Sheet (Eu mn)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Total Fixed Assets	15	40	53	53	52	51
Net Working Capital	6	10	11	12	14	15
Long term Liabilities	-4	-9	-7	-7	-7	-7
Net Capital Employed	17	40	57	58	59	59
Net Cash (Debt)	28	11	-3	5	16	28
Group Equity	45	51	54	63	75	87
Minorities	0	0	0	0	0	0
Net Equity	45	51	54	63	75	87
<b>Enterprise Value (Eu mn)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Average Mkt Cap	502	627	542	520	520	520
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	28	11	-3	5	16	28
Enterprise Value	474	616	545	514	504	492
<b>Ratios (%)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
EBITDA Adj Margin	29.5%	29.4%	26.4%	25.5%	25.8%	25.9%
EBIT Adj Margin	27.4%	27.9%	23.3%	22.4%	22.7%	22.8%
Gearing - Debt/Equity	-62.3%	-20.9%	4.8%	-8.6%	-21.7%	-32.0%
Interest Cover on EBIT	nm	nm	233.6	62.8	174.9	nm
Net Debt/EBITDA Adj	-1.4	-0.4	0.1	-0.2	-0.5	-0.8
ROACE*	105.6%	80.4%	48.0%	43.7%	48.1%	52.3%
ROE*	32.2%	31.3%	29.3%	29.2%	29.0%	27.4%
EV/CE	26.8	21.5	11.2	8.9	8.6	8.3
EV/Sales	7.0	7.5	5.4	4.6	4.1	3.6
EV/EBITDA Adj	23.6	25.3	20.6	18.0	15.8	14.0
EV/EBIT Adj	25.4	26.8	23.3	20.5	17.9	16.0
Free Cash Flow Yield	2.9%	0.6%	-0.2%	3.1%	3.7%	4.2%
<b>Growth Rates (%)</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Sales	20.7%	21.4%	21.1%	12.2%	10.2%	9.4%
EBITDA Adj	25.4%	21.3%	8.7%	8.0%	11.5%	9.8%
EBIT Adj	26.9%	23.3%	1.4%	7.6%	11.7%	9.9%
Net Profit Adj	30.8%	13.0%	2.7%	11.2%	16.9%	10.7%
EPS Adj	30.8%	13.0%	2.7%	11.2%	16.9%	10.7%
DPS	6.0%	12.7%	6.3%	4.4%	16.9%	10.7%

\*Excluding extraordinary items

Source: Intermonte SIM estimates

## 2Q/1H24 Results

### PharmaNutra – 2Q/1H24 Results: P&L

P&L, Eu mn	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	FY23A	1Q24A	2Q24A	1H24A	2H24E	FY24E	1H24E	A/E
<b>Net Revenues</b>	<b>82.7</b>	<b>23.6</b>	<b>26.0</b>	<b>49.6</b>	<b>21.8</b>	<b>71.4</b>	<b>28.8</b>	<b>100.2</b>	<b>23.7</b>	<b>32.3</b>	<b>56.1</b>	<b>56.3</b>	<b>112.4</b>	<b>54.1</b>	<b>4%</b>
YoY growth	21.4%	25.3%	24.7%	25.0%	6.0%	18.5%	28.1%	21.1%	0.5%	24.3%	13.0%	11.4%	12.2%	9.0%	
Other revenues	0.7	1.0	-0.4	0.6	0.1	0.8	1.0	1.8	0.3	0.6	0.9	0.1	1.0	0.5	
<b>Total Revenues</b>	<b>83.4</b>	<b>24.6</b>	<b>25.7</b>	<b>50.2</b>	<b>21.9</b>	<b>72.2</b>	<b>29.8</b>	<b>102.0</b>	<b>24.0</b>	<b>33.0</b>	<b>57.0</b>	<b>56.4</b>	<b>113.4</b>	<b>54.6</b>	<b>4%</b>
YoY growth	21.1%	29.6%	22.5%	25.8%	6.5%	19.2%	30.3%	22.3%	-2.2%	28.4%	13.4%	9.1%	11.2%	8.6%	
Opex	(59.0)	(18.0)	(18.2)	(36.2)	(17.0)	(53.2)	(22.3)	(75.5)	(19.1)	(21.7)	(40.8)	(44.0)	(84.8)	(39.8)	
<b>Adj. EBITDA</b>	<b>24.4</b>	<b>6.6</b>	<b>7.5</b>	<b>14.1</b>	<b>5.0</b>	<b>19.0</b>	<b>7.5</b>	<b>26.5</b>	<b>5.0</b>	<b>11.2</b>	<b>16.2</b>	<b>12.4</b>	<b>28.6</b>	<b>14.8</b>	<b>10%</b>
YoY growth	21.3%	25.0%	4.5%	13.2%	-25.5%	-0.3%	41.6%	8.7%	-24.8%	50.5%	15.3%	-0.2%	8.0%	5.1%	
<b>as % of net sales</b>	<b>29.4%</b>	<b>27.9%</b>	<b>28.7%</b>	<b>28.3%</b>	<b>22.8%</b>	<b>26.6%</b>	<b>25.9%</b>	<b>26.4%</b>	<b>20.9%</b>	<b>34.8%</b>	<b>28.9%</b>	<b>22.0%</b>	<b>25.5%</b>	<b>27.3%</b>	
EBITDA	24.4	7.4	6.7	14.1	5.0	19.0	7.5	26.5	5.0	11.2	16.2	12.4	28.6	14.8	10%
YoY growth	21.3%	40.2%	-6.6%	13.2%	-25.5%	-0.3%	41.6%	8.7%	-32.9%	68.5%	15.3%	-0.2%	8.0%	5.1%	
<b>as % of net sales</b>	<b>29.4%</b>	<b>31.3%</b>	<b>25.7%</b>	<b>28.3%</b>	<b>22.8%</b>	<b>26.6%</b>	<b>25.9%</b>	<b>26.4%</b>	<b>20.9%</b>	<b>34.8%</b>	<b>28.9%</b>	<b>22.0%</b>	<b>25.5%</b>	<b>27.3%</b>	
<b>Adj. EBIT</b>	<b>23.0</b>	<b>6.2</b>	<b>7.0</b>	<b>13.2</b>	<b>4.6</b>	<b>17.8</b>	<b>5.6</b>	<b>23.4</b>	<b>4.1</b>	<b>10.4</b>	<b>14.5</b>	<b>10.6</b>	<b>25.1</b>	<b>13.2</b>	<b>10%</b>
as % of net sales	27.9%	26.1%	27.0%	26.6%	20.9%	24.9%	19.4%	23.3%	17.2%	32.2%	25.8%	18.9%	22.4%	24.3%	
EBIT	23.0	7.0	6.2	13.2	4.6	17.8	5.6	23.4	4.1	10.4	14.5	10.6	25.1	13.2	
as % of net sales	27.9%	29.5%	24.0%	26.6%	20.9%	24.9%	19.4%	23.3%	17.2%	32.2%	25.8%	18.9%	22.4%	24.3%	
PBT	23.4	7.1	6.1	13.2	4.5	17.7	5.6	23.3	4.0	10.2	14.2	10.5	24.7	13.2	
taxes	(8.4)	(1.7)	(4.3)	(6.0)	(2.0)	(8.0)	(2.5)	(10.4)	(1.4)	(4.0)	(5.4)	(2.2)	(7.5)	(5.3)	
tax rate (%)	35.7%	23.3%	70.6%	45.2%	44.3%	45.0%	44.3%	44.8%	34.6%	38.7%	37.6%	20.9%	30.5%	40.0%	
Net income	15.0	5.4	1.8	7.2	2.5	9.7	3.1	12.8	2.6	6.3	8.9	8.3	17.2	7.9	
YoY growth	9.3%	55.8%	-62.1%	-12.1%	-45.8%	-24.2%	42.1%	-14.7%	-51.6%	247.9%	23.0%	48.0%	33.9%	9.4%	
EPS (€)	€ 1.56	€ 0.56	€ 0.19	€ 0.75	€ 0.26	€ 1.01	€ 0.32	€ 1.33	€ 0.27	€ 0.65	€ 0.92	€ 0.86	€ 1.77	€ 0.82	
<b>Adj. Net income</b>	<b>15.0</b>	<b>4.6</b>	<b>4.6</b>	<b>9.3</b>	<b>2.5</b>	<b>11.8</b>	<b>3.7</b>	<b>15.5</b>	<b>2.6</b>	<b>6.3</b>	<b>8.9</b>	<b>8.3</b>	<b>17.2</b>	<b>7.9</b>	<b>12%</b>
YoY growth	13.0%	32.9%	-2.1%	12.8%	-45.8%	-8.2%	68.3%	2.7%	-43.2%	34.8%	-4.1%	34.3%	11.2%	-14.8%	
<b>Adj. EPS (€)</b>	<b>€ 1.56</b>	<b>€ 0.48</b>	<b>€ 0.48</b>	<b>€ 0.96</b>	<b>€ 0.26</b>	<b>€ 1.22</b>	<b>€ 0.38</b>	<b>€ 1.60</b>	<b>€ 0.27</b>	<b>€ 0.65</b>	<b>€ 0.92</b>	<b>€ 0.86</b>	<b>€ 1.77</b>	<b>€ 0.82</b>	
<b>NFP (+cash/-debt)</b>	<b>10.6</b>	<b>2.9</b>	<b>(10.0)</b>	<b>(10.0)</b>	<b>(9.9)</b>	<b>(9.9)</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(6.0)</b>	<b>(4.5)</b>	<b>(4.5)</b>	<b>5.5</b>	<b>5.5</b>	<b>(5.2)</b>	<b>-14%</b>
x EBITDA	0.4x							-0.1x					0.2x		

Source: Intermonte SIM (E), Company Data (A)

### PharmaNutra – 2Q/1H24 Results: FCF & Net Financial Position

FCF, Eu mn	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	FY23A	1Q24A	2Q24A	1H24A	2H24E	FY24E	1H24E	A-E
Net income	15.0	5.4	1.8	7.2	2.5	9.7	3.1	12.8	2.6	6.3	8.9	8.3	17.2	7.9	1.0
D&A	1.3	0.4	0.4	0.9	0.4	1.3	1.9	3.1	0.9	0.8	1.7	1.8	3.5	1.6	0.1
NWC & Other	(2.3)	(7.9)	0.0	(7.9)	0.1	(7.8)	3.9	(3.9)	(5.8)	3.0	(2.8)	1.2	(1.6)	(2.5)	(0.3)
<b>FCFO</b>	<b>14.1</b>	<b>(2.1)</b>	<b>2.3</b>	<b>0.2</b>	<b>3.0</b>	<b>3.2</b>	<b>8.9</b>	<b>12.1</b>	<b>(2.3)</b>	<b>10.1</b>	<b>7.8</b>	<b>11.2</b>	<b>19.1</b>	<b>7.0</b>	<b>0.8</b>
Capex	(10.7)	(3.6)	(6.2)	(9.8)	(2.5)	(12.3)	(1.0)	(13.2)	(0.8)	(0.5)	(1.3)	(1.5)	(2.8)	(1.4)	0.1
as % of net sales	13.0%	15.2%	23.7%	19.7%	11.5%	17.2%	3.4%	13.2%	3.3%	1.5%	2.3%	0.2%	2.5%	2.5%	
<b>Equity FCF</b>	<b>3.3</b>	<b>(6.1)</b>	<b>(3.9)</b>	<b>(9.6)</b>	<b>0.5</b>	<b>(9.0)</b>	<b>7.9</b>	<b>(1.2)</b>	<b>(3.1)</b>	<b>9.6</b>	<b>6.6</b>	<b>9.7</b>	<b>16.2</b>	<b>5.7</b>	<b>0.9</b>
M&A	(11.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dividend	(6.9)	-	(7.7)	(7.7)	-	(7.7)	-	(7.7)	-	(8.2)	(8.2)	-	(8.2)	(8.2)	0.0
buybacks	(2.4)	(1.6)	(0.3)	(1.6)	-	(1.6)	(0.0)	(1.7)	-	(0.3)	(0.3)	0.3	-	(0.1)	(0.2)
equity financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (IFRS16, etc..)	(0.2)	0.0	(1.8)	(1.8)	(0.4)	(2.2)	(0.6)	(2.7)	(0.4)	0.4	0.0	(0.0)	-	-	0.0
<b>Change in NFP</b>	<b>(17.4)</b>	<b>(7.7)</b>	<b>(12.9)</b>	<b>(20.7)</b>	<b>0.1</b>	<b>(20.5)</b>	<b>7.3</b>	<b>(13.3)</b>	<b>(3.4)</b>	<b>1.5</b>	<b>(1.9)</b>	<b>10.0</b>	<b>8.1</b>	<b>(2.6)</b>	<b>0.7</b>
<b>NFP (+cash/-debt)</b>	<b>10.6</b>	<b>2.9</b>	<b>(10.0)</b>	<b>(10.0)</b>	<b>(9.9)</b>	<b>(9.9)</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(6.0)</b>	<b>(4.5)</b>	<b>(4.5)</b>	<b>5.5</b>	<b>5.5</b>	<b>(5.2)</b>	<b>0.7</b>
x EBITDA	0.4x							-0.1x					0.2x		

Source: Intermonte SIM (E), Company Data (A)

**PharmaNutra – 2Q/1H24 Results: Mix by Product and Geography**

By Product, Eu mn	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	FY23A	1Q24A	2Q24A	1H24A	2H24E	FY24E	1H24E	A/E
<b>Sideral</b>	<b>58.8</b>	<b>16.1</b>	<b>18.7</b>	<b>34.8</b>	<b>15.5</b>	<b>50.3</b>	<b>21.0</b>	<b>71.3</b>	<b>15.7</b>	<b>23.3</b>	<b>39.1</b>	<b>39.3</b>	<b>78.4</b>	<b>37.6</b>	<b>4%</b>
growth YoY	11.8%	14.5%	26.0%	20.4%	11.1%	17.4%	31.6%	21.2%	-2.3%	24.6%	12.2%	7.9%	10.0%	8.0%	
as % of FP revenues	73.1%	70.7%	73.0%	71.9%	72.9%	72.2%	74.0%	72.7%	69.0%	73.6%	71.7%	72.0%	71.9%	71.3%	
<b>Cetilar</b>	<b>8.1</b>	<b>2.4</b>	<b>2.5</b>	<b>4.9</b>	<b>2.2</b>	<b>7.1</b>	<b>2.9</b>	<b>10.0</b>	<b>2.6</b>	<b>2.9</b>	<b>5.5</b>	<b>5.7</b>	<b>11.1</b>	<b>5.3</b>	<b>2%</b>
growth YoY	24.2%	33.5%	20.6%	26.7%	14.0%	22.4%	25.1%	23.2%	7.3%	15.8%	11.6%	10.4%	11.0%	9.0%	
as % of FP revenues	10.1%	10.6%	9.6%	10.1%	10.5%	10.2%	10.3%	10.2%	11.4%	9.0%	10.0%	10.4%	10.2%	10.1%	
<b>Apportal</b>	<b>8.2</b>	<b>1.8</b>	<b>2.2</b>	<b>4.1</b>	<b>2.0</b>	<b>6.1</b>	<b>2.0</b>	<b>8.1</b>	<b>2.2</b>	<b>3.0</b>	<b>5.2</b>	<b>5.3</b>	<b>10.5</b>	<b>5.0</b>	<b>4%</b>
growth YoY	112%	31.1%	-5.8%	7.8%	-19.6%	-3.3%	2.2%	-2%	20.7%	32.6%	27.3%	32.8%	30%	22%	
as % of FP revenues	10.2%	8.0%	8.8%	8.4%	9.6%	8.8%	7.0%	8.2%	9.6%	9.4%	9.5%	9.8%	9.6%	9.4%	
<b>Ultramag</b>	<b>0.9</b>	<b>0.3</b>	<b>0.3</b>	<b>0.6</b>	<b>0.2</b>	<b>0.8</b>	<b>0.2</b>	<b>1.0</b>	<b>0.2</b>	<b>0.4</b>	<b>0.7</b>	<b>0.4</b>	<b>1.1</b>	<b>0.6</b>	<b>12%</b>
growth YoY	1.3%	33.0%	39.4%	36.5%	-11.7%	19.9%	8.4%	16.9%	-5.0%	32.6%	15.9%	0.0%	9.0%	3.0%	
as % of FP revenues	1.1%	1.1%	1.3%	1.2%	0.9%	1.1%	0.9%	1.0%	1.1%	1.3%	1.2%	0.8%	1.0%	1.1%	
<b>Other Trademarks</b>	<b>2.4</b>	<b>0.6</b>	<b>0.7</b>	<b>1.4</b>	<b>0.4</b>	<b>1.7</b>	<b>0.8</b>	<b>2.6</b>	<b>0.6</b>	<b>0.8</b>	<b>1.4</b>	<b>1.5</b>	<b>2.8</b>	<b>1.5</b>	<b>-9%</b>
growth YoY	25.3%	10.8%	-3.9%	2.5%	-16.8%	-2.6%	30.4%	6.0%	-7.4%	6.5%	0.0%	21.3%	10.0%	10.0%	
as % of FP revenues	3.0%	2.8%	2.8%	2.8%	1.8%	2.5%	2.9%	2.6%	2.6%	2.4%	2.5%	2.7%	2.6%	2.8%	
<b>Akern</b>	<b>2.0</b>	<b>1.5</b>	<b>1.2</b>	<b>2.7</b>	<b>0.9</b>	<b>3.6</b>	<b>1.4</b>	<b>5.0</b>	<b>1.4</b>	<b>1.3</b>	<b>2.8</b>	<b>2.4</b>	<b>5.1</b>	<b>2.7</b>	<b>1%</b>
<b>FP Revenues</b>	<b>80.4</b>	<b>22.8</b>	<b>25.6</b>	<b>48.4</b>	<b>21.3</b>	<b>69.7</b>	<b>28.3</b>	<b>98.0</b>	<b>22.8</b>	<b>31.7</b>	<b>54.5</b>	<b>54.6</b>	<b>109.1</b>	<b>52.7</b>	<b>3%</b>
growth YoY	22.2%	26.3%	26.5%	26.4%	6.1%	19.4%	28.3%	21.8%	0.1%	23.6%	12.6%	10.1%	11.3%	8.9%	
<b>Raw Materials</b>	<b>2.3</b>	<b>0.8</b>	<b>0.4</b>	<b>1.2</b>	<b>0.5</b>	<b>1.8</b>	<b>0.5</b>	<b>2.2</b>	<b>0.9</b>	<b>0.7</b>	<b>1.6</b>	<b>1.7</b>	<b>3.3</b>	<b>1.4</b>	<b>16%</b>
growth YoY	0.2%	3.7%	14.8%	11.4%	4.2%	-8.4%	18.7%	-3.9%	10.3%	14.3%	10.9%	76.5%	50.0%	10.9%	
as of net sales	2.8%	3.5%	1.6%	2.5%	2.4%	2.5%	1.6%	2.2%	3.9%	2.1%	2.8%	3.1%	3.0%	2.5%	
<b>Net Revenues</b>	<b>82.7</b>	<b>23.6</b>	<b>26.0</b>	<b>49.6</b>	<b>21.8</b>	<b>71.4</b>	<b>28.8</b>	<b>100.2</b>	<b>23.7</b>	<b>32.3</b>	<b>56.1</b>	<b>56.3</b>	<b>112.4</b>	<b>54.1</b>	<b>4%</b>
Growth YoY	21.5%	25.3%	24.7%	25.0%	6.0%	18.5%	28.1%	21.1%	0.5%	24.3%	13.0%	11.4%	12.2%	9.0%	

By Geography (Eu mn)	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	FY23A	1Q24A	2Q24A	1H24A	2H24E	FY24E	1H24E	A/E
<b>Italy</b>	<b>59.2</b>	<b>16.6</b>	<b>18.9</b>	<b>35.5</b>	<b>14.8</b>	<b>50.3</b>	<b>17.7</b>	<b>68.0</b>	<b>16.1</b>	<b>21.5</b>	<b>37.5</b>	<b>38.2</b>	<b>75.7</b>	<b>38.4</b>	<b>-2%</b>
growth YoY	23.9%	27.1%	18.8%	22.6%	3.6%	16.3%	10.7%	14.8%	-3.2%	13.6%	5.7%	17.5%	11.4%	8.2%	
as of net sales	71.6%	70.3%	72.5%	71.5%	68.1%	70.4%	61.4%	67.8%	67.7%	66.3%	66.9%	67.8%	67.3%	71.0%	
<b>RoW</b>	<b>23.5</b>	<b>7.0</b>	<b>7.1</b>	<b>14.2</b>	<b>7.0</b>	<b>21.1</b>	<b>11.1</b>	<b>32.2</b>	<b>7.7</b>	<b>10.9</b>	<b>18.6</b>	<b>18.2</b>	<b>36.7</b>	<b>15.7</b>	<b>18%</b>
growth YoY	15.7%	21.2%	43.5%	31.5%	11.7%	24.3%	71.0%	37.2%	9.4%	52.4%	31.1%	0.5%	13.9%	10.9%	
as of net sales	28.4%	29.7%	27.5%	28.5%	31.9%	29.6%	38.6%	32.2%	32.3%	33.7%	33.1%	32.2%	32.7%	29.0%	
<b>Net Revenues</b>	<b>82.7</b>	<b>23.6</b>	<b>26.0</b>	<b>49.6</b>	<b>21.8</b>	<b>71.4</b>	<b>28.8</b>	<b>100.2</b>	<b>23.7</b>	<b>32.3</b>	<b>56.1</b>	<b>56.3</b>	<b>112.4</b>	<b>54.1</b>	<b>4%</b>
Growth YoY	21.5%	25.3%	24.7%	25.0%	6.0%	18.5%	28.1%	21.1%	0.5%	24.3%	13.0%	11.4%	12.2%	9.0%	

Units sold ('000)	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	FY23A	1Q24A	2Q24A	1H24A	2H24E	FY24E	1H24E	A/E
<b>Italy (LB1)</b>	<b>4,045</b>	<b>1,067</b>	<b>1,253</b>	<b>2,320</b>	<b>980</b>	<b>3,300</b>	<b>1,153</b>	<b>4,453</b>	<b>1,006</b>	<b>1,367</b>	<b>2,373</b>	<b>2,793</b>	<b>5,166</b>	<b>2,486</b>	<b>-5%</b>
growth YoY	16.8%	15.7%	13.2%	14.3%	4.1%	11.1%	7.3%	10.1%	-5.7%	9.1%	2.3%	30.9%	16.0%	5.0%	
as % of total	36.1%	37.8%	35.3%	36.4%	35.8%	36.2%	25.1%	32.5%	39.1%	32.0%	34.7%	33.9%	34.3%	34.4%	
<b>RoW (LB2)</b>	<b>7,149</b>	<b>1,756</b>	<b>2,295</b>	<b>4,051</b>	<b>1,756</b>	<b>5,807</b>	<b>3,440</b>	<b>9,247</b>	<b>1,565</b>	<b>2,901</b>	<b>4,466</b>	<b>5,438</b>	<b>9,904</b>	<b>4,734</b>	<b>-6%</b>
growth YoY	14.4%	10.0%	61.1%	34.1%	-27.0%	7.0%	99.8%	29.3%	-10.9%	26.4%	10.2%	4.7%	7.1%	2.5%	
as % of total	63.9%	62.2%	64.7%	63.6%	64.2%	63.8%	74.9%	67.5%	60.9%	68.0%	65.3%	66.1%	65.7%	65.6%	
<b>total units sold</b>	<b>11,194</b>	<b>2,823</b>	<b>3,548</b>	<b>6,371</b>	<b>2,736</b>	<b>9,107</b>	<b>4,593</b>	<b>13,700</b>	<b>2,571</b>	<b>4,268</b>	<b>6,839</b>	<b>8,231</b>	<b>15,070</b>	<b>7,220</b>	<b>-5%</b>
growth YoY	27.0%	27.0%	12.1%	24.3%	30.0%	-18.3%	64.2%	22.4%	-8.9%	-8.9%	20.3%	12.3%	10.0%	24.3%	

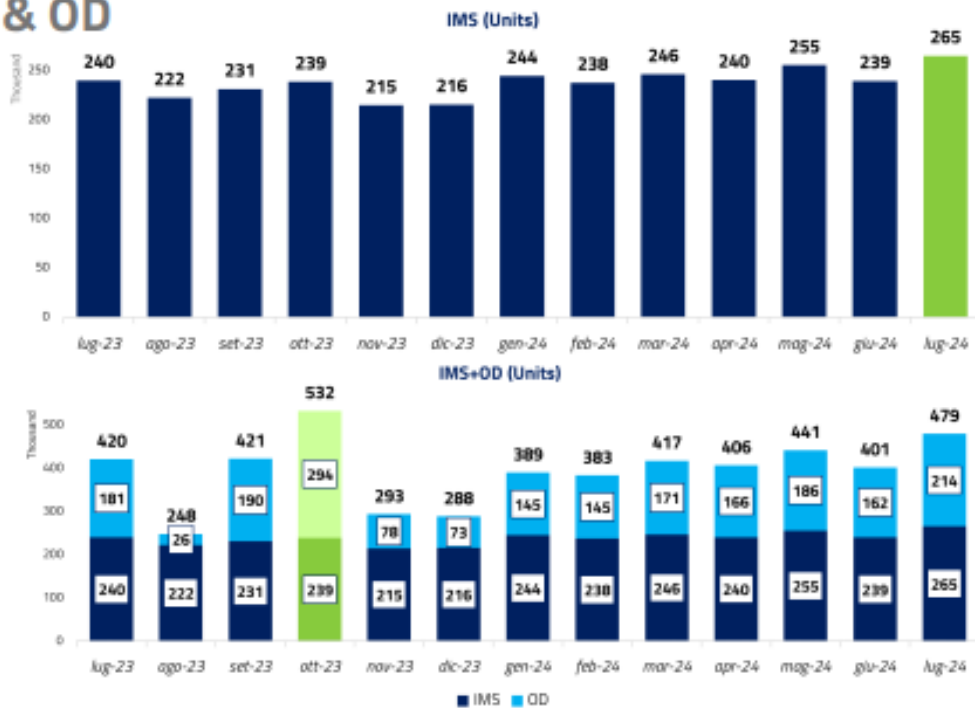
Source: Intermonte SIM (E), Company Data (A)

## Feedback from the conference call

- **FY Outlook:** after +13% in 1H, management still expects low double-digit top-line growth (in line with consensus), reflecting the challenging comparison with 2H (especially 4Q23). Despite the 2Q profitability peak of 35%, the company still sees a margin around 25%, in line with consensus, due to ongoing investment in new initiatives.
- **Confident tone on Italy:** in 2Q, PHN saw a 2% increase in units sold and 6% growth in value in Italy, with sell-out rising 10%, driven by a 16% increase in direct orders, and continued recovery in July, with sell-in expected to align with sell-out by year-end.
- **International sales:** orders are secured for 3Q and 4Q, but following 32% growth in 1H, lower top-line growth is expected in 2H due to a strong comparison base with the previous year.
- **The recent launch in Germany** was supported by an exhaustive marketing plan with Fresenius Kabi, but no significant sales contribution is expected in 2024-25.
- **Launch of vitamin D3 and B12 scheduled for 4Q,** but no material contribution in 2024-25. China: promising take-up, some update in expected in 2H.
- **Sideral:** although facing increased competition and a slight market share reduction (53%, -0.8pp vs 1H23), Sideral sales grew significantly in Italy during 1H23 due to new iron product introductions. A market share recovery is expected by the end of the year.
- **Cetilar:** steady growth is expected to continue in a declining market, but management happy with the product family's current performance. Value share at 4.4% (+0.5pp YoY).
- **Apportal:** after a difficult 2023 without the pandemic boost, Apportal sales rebounded in 1H23, making it the fastest-growing product in PHN's portfolio and the second highest seller behind Sideral Forte. Apportal now ranks among the top 20 dietary supplements in Italy by 2024. Value share at 5.4% (+0.3pp YoY).

### PharmaNutra – Sell-Out Trends in Italy

#### Trend IMS & OD



## Change in Estimates

We make minor changes to our estimates, raising FY24-26 revenues and EBITDA by 1-2%. This leads to a neutral EPS change for this year and a 3-4% increase in FY25-26.

### PharmaNutra – 2024-26 Change in Estimates

P&L, Eu mn	Actual Results					New Estimates			Old Estimates			New vs Old		
	'19A	'20A	'21A	'22A	'23A	'24E	'25E	'26E	'24E	'25E	'26E	'24E	'25E	'26E
<b>Net Revenues</b>	<b>53.6</b>	<b>56.4</b>	<b>68.1</b>	<b>82.7</b>	<b>100.2</b>	<b>112.4</b>	<b>123.9</b>	<b>135.5</b>	<b>111.2</b>	<b>122.3</b>	<b>133.6</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
YoY growth	15.0%	5.3%	20.7%	21.4%	21.1%	12.2%	10.2%	9.4%	11.0%	10.0%	9.2%			
Other revenues	0.6	2.2	0.7	0.7	1.8	1.0	1.0	1.0	1.0	1.0	1.0			
<b>Total Revenues</b>	<b>54.2</b>	<b>58.7</b>	<b>68.8</b>	<b>83.4</b>	<b>102.0</b>	<b>113.4</b>	<b>124.9</b>	<b>136.5</b>	<b>112.2</b>	<b>123.3</b>	<b>134.6</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
YoY growth	12.7%	8.2%	17.3%	21.1%	22.3%	11.2%	10.1%	9.3%	10.0%	9.9%	9.1%			
Opex	(41.0)	(42.7)	(48.8)	(59.0)	(75.5)	(84.8)	(93.0)	(101.5)	(84.1)	(92.1)	(100.4)			
<b>Adj. EBITDA</b>	<b>13.2</b>	<b>16.0</b>	<b>20.1</b>	<b>24.4</b>	<b>26.5</b>	<b>28.6</b>	<b>31.9</b>	<b>35.0</b>	<b>28.1</b>	<b>31.2</b>	<b>34.2</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>
YoY growth	11.3%	21.5%	25.4%	21.3%	8.7%	8.0%	11.5%	9.8%	5.9%	11.3%	9.4%			
as % of net. sales	24.6%	28.4%	29.5%	29.4%	26.4%	25.5%	25.8%	25.9%	25.2%	25.5%	25.6%			
EBITDA	13.2	15.6	20.1	24.4	26.5	28.6	31.9	35.0	28.1	31.2	34.2	2%	2%	3%
YoY growth	4.8%	18.0%	29.1%	21.3%	8.7%	8.0%	11.5%	9.8%	5.9%	11.3%	9.4%			
as % of net. sales	24.6%	27.6%	29.5%	29.4%	26.4%	25.5%	25.8%	25.9%	25.2%	25.5%	25.6%			
<b>Adj. EBIT</b>	<b>12.2</b>	<b>14.7</b>	<b>18.7</b>	<b>23.0</b>	<b>23.4</b>	<b>25.1</b>	<b>28.1</b>	<b>30.8</b>	<b>24.2</b>	<b>26.9</b>	<b>29.5</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>
as % of net. sales	22.8%	26.1%	27.4%	27.9%	23.3%	22.4%	22.7%	22.8%	21.7%	22.0%	22.1%			
EBIT	12.2	13.2	18.7	23.0	23.4	25.1	28.1	30.8	24.2	26.9	29.5	4%	4%	5%
as % of net. sales	22.8%	23.4%	27.4%	27.9%	23.3%	22.4%	22.7%	22.8%	21.7%	22.0%	22.1%			
PBT	12.2	13.3	18.8	23.4	23.3	24.7	27.9	30.9	24.4	26.8	29.6	1%	4%	4%
taxes	(3.7)	0.8	(5.0)	(8.4)	(10.4)	(7.5)	(7.8)	(8.6)	(7.3)	(7.4)	(8.1)			
tax rate (%)	30.7%	n.m.	26.8%	35.7%	44.8%	30.5%	28.0%	28.0%	30.0%	27.5%	27.5%			
Net income	8.5	14.1	13.8	15.0	12.8	17.2	20.1	22.2	17.1	19.4	21.4	0%	3%	4%
YoY growth	-1.2%	66.4%	-2.1%	9.3%	-14.7%	33.9%	16.9%	10.7%	33.3%	13.5%	10.3%			
EPS (€)	€ 0.87	€ 1.45	€ 1.42	€ 1.56	€ 1.33	€ 1.77	€ 2.08	€ 2.30	€ 1.77	€ 2.01	€ 2.21	0%	3%	4%
<b>Adj. Net income</b>	<b>8.5</b>	<b>10.2</b>	<b>13.3</b>	<b>15.0</b>	<b>15.5</b>	<b>17.2</b>	<b>20.1</b>	<b>22.2</b>	<b>17.1</b>	<b>19.4</b>	<b>21.4</b>	<b>0%</b>	<b>3%</b>	<b>4%</b>
YoY growth	-1.2%	20.4%	30.8%	13.0%	2.7%	11.2%	16.9%	10.7%	10.7%	13.5%	10.3%			
<b>Adj. EPS (€)</b>	<b>€ 0.87</b>	<b>€ 1.05</b>	<b>€ 1.38</b>	<b>€ 1.56</b>	<b>€ 1.60</b>	<b>€ 1.77</b>	<b>€ 2.08</b>	<b>€ 2.30</b>	<b>€ 1.77</b>	<b>€ 2.01</b>	<b>€ 2.21</b>	<b>0%</b>	<b>3%</b>	<b>4%</b>

FCF, Eu mn	'19A	'20A	'21A	'22A	'23A	'24E	'25E	'26E	'24E	'25E	'26E	'24E	'25E	'26E
Net income	8.5	14.1	13.8	15.0	12.8	17.2	20.1	22.2	17.1	19.4	21.4	0.1	0.7	0.8
D&A	1.0	2.3	1.4	1.3	3.1	3.5	3.8	4.2	3.9	4.3	4.7	(0.4)	(0.4)	(0.5)
NWC & Other	2.6	(4.6)	5.3	(2.3)	(3.9)	(1.6)	(1.4)	(1.4)	(1.4)	(1.4)	(1.3)	(0.2)	(0.1)	(0.1)
<b>FCFO</b>	<b>12.0</b>	<b>11.8</b>	<b>20.4</b>	<b>14.1</b>	<b>12.1</b>	<b>19.1</b>	<b>22.5</b>	<b>25.0</b>	<b>19.6</b>	<b>22.3</b>	<b>24.8</b>	<b>(0.5)</b>	<b>0.2</b>	<b>0.3</b>
Capex	(4.9)	(1.3)	(4.9)	(10.7)	(13.2)	(2.8)	(3.1)	(3.4)	(2.8)	(3.1)	(3.3)	(0.0)	(0.0)	(0.0)
as % of net sales	9.1%	2.4%	7.2%	13.0%	13.2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%			
<b>Equity FCF</b>	<b>6.7</b>	<b>11.2</b>	<b>14.9</b>	<b>3.3</b>	<b>(1.2)</b>	<b>16.2</b>	<b>19.4</b>	<b>21.6</b>	<b>16.8</b>	<b>19.3</b>	<b>21.4</b>	<b>(0.6)</b>	<b>0.1</b>	<b>0.2</b>
M&A	-	-	-	(11.3)	-	-	-	-	-	-	-	-	-	-
dividend	(4.8)	(4.5)	(6.5)	(6.9)	(7.7)	(8.2)	(8.6)	(10.0)	(8.2)	(8.5)	(9.7)	0.0	(0.0)	(0.3)
buybacks	-	-	-	(2.4)	(1.7)	-	-	-	-	-	-	-	-	-
equity financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (IFRS16, etc..)	0.3	0.9	0.3	(0.2)	(2.7)	-	-	-	-	-	-	-	-	-
<b>Change in NFP</b>	<b>2.2</b>	<b>7.7</b>	<b>8.7</b>	<b>(17.4)</b>	<b>(13.3)</b>	<b>8.1</b>	<b>10.8</b>	<b>11.6</b>	<b>8.6</b>	<b>10.7</b>	<b>11.8</b>	<b>(0.5)</b>	<b>0.1</b>	<b>(0.1)</b>

<b>NFP (+cash/-debt)</b>	<b>13.6</b>	<b>19.4</b>	<b>28.1</b>	<b>10.6</b>	<b>(2.6)</b>	<b>5.5</b>	<b>16.3</b>	<b>27.9</b>	<b>6.0</b>	<b>16.7</b>	<b>28.5</b>	<b>(0.5)</b>	<b>(0.4)</b>	<b>(0.6)</b>
ND/EBITDA	-1.0x	-1.2x	-1.4x	-0.4x	0.1x	-0.2x	-0.5x	-0.8x	-0.2x	-0.5x	-0.8x			

Source: Intermonte SIM (E), Company Data (A)

## Comparison with Consensus

PharmaNutra – 2024-26E Intermonte Estimates: Comparison with Consensus

	Actual Results					New Estimates			Consensus			Delta vs Consensus		
	'19A	'20A	'21A	'22A	'23A	'24E	'25E	'26E	'24C	'25C	'26C	'24	'25	'26
<b>Net Revenues</b>	<b>53.6</b>	<b>56.4</b>	<b>68.1</b>	<b>82.7</b>	<b>100.2</b>	<b>112.4</b>	<b>123.9</b>	<b>135.5</b>	<b>112.3</b>	<b>127.4</b>	<b>144.5</b>	<b>0%</b>	<b>-3%</b>	<b>-6%</b>
YoY growth	15.0%	5.3%	20.7%	21.4%	21.1%	12.2%	10.2%	9.4%	12.1%	13.4%	13.5%			
<b>Adj. EBITDA</b>	<b>13.2</b>	<b>16.0</b>	<b>20.1</b>	<b>24.4</b>	<b>26.5</b>	<b>28.6</b>	<b>31.9</b>	<b>35.0</b>	<b>28.3</b>	<b>32.3</b>	<b>36.8</b>	<b>1%</b>	<b>-1%</b>	<b>-5%</b>
YoY growth	11.3%	21.5%	25.4%	21.3%	8.7%	8.0%	11.5%	9.8%	6.7%	14.2%	14.2%			
as % of net. sales	24.6%	28.4%	29.5%	29.4%	26.4%	25.5%	25.8%	25.9%	25.2%	25.3%	25.5%			
EBITDA	13.2	15.6	20.1	24.4	26.5	28.6	31.9	35.0	<b>28.8</b>	<b>33.7</b>	<b>39.2</b>	-1%	-5%	-11%
<b>Adj. EBIT</b>	<b>12.2</b>	<b>14.7</b>	<b>18.7</b>	<b>23.0</b>	<b>23.4</b>	<b>25.1</b>	<b>28.1</b>	<b>30.8</b>	<b>24.8</b>	<b>29.5</b>	<b>34.8</b>	<b>1%</b>	<b>-5%</b>	<b>-11%</b>
as % of net. sales	22.8%	26.1%	27.4%	27.9%	23.3%	22.4%	22.7%	22.8%	22.1%	23.2%	24.1%			
EBIT	12.2	13.2	18.7	23.0	23.4	25.1	28.1	30.8	<b>24.8</b>	<b>29.5</b>	<b>34.8</b>	<b>1%</b>	<b>-5%</b>	<b>-11%</b>
PBT	12.2	13.3	18.8	23.4	23.3	24.7	27.9	30.9	<b>24.6</b>	<b>28.7</b>	<b>33.3</b>	<b>0%</b>	<b>-3%</b>	<b>-7%</b>
Net income	8.5	14.1	13.8	15.0	12.8	17.2	20.1	22.2	17.3	20.5	24.4	<b>0%</b>	<b>-2%</b>	<b>-9%</b>
<b>Adj. Net income</b>	<b>8.5</b>	<b>10.2</b>	<b>13.3</b>	<b>15.0</b>	<b>15.5</b>	<b>17.2</b>	<b>20.1</b>	<b>22.2</b>	<b>17.2</b>	<b>19.9</b>	<b>23.0</b>	<b>0%</b>	<b>1%</b>	<b>-3%</b>
EPS (€)	€ 0.87	€ 1.45	€ 1.42	€ 1.56	€ 1.33	€ 1.77	€ 2.08	€ 2.30	€ 1.79	€ 2.13	€ 2.54			
DPS (€)	€ 0.46	€ 0.67	€ 0.71	€ 0.80	€ 0.85	€ 0.85	€ 0.85	€ 0.85	€ 0.88	€ 0.99	€ 1.17			
payout	53%	46%	50%	51%	64%	48%	41%	37%	49%	47%	46%			
Capex	(4.9)	(1.3)	(4.9)	(10.7)	(13.2)	(2.8)	(3.1)	(3.4)	(0.7)	(1.1)	(1.2)	(2.1)	(2.0)	(2.2)
as % of net. sales	9.1%	2.4%	7.2%	13.0%	13.2%	2.5%	2.5%	2.5%	0.7%	0.9%	0.8%			
Equity FCF	6.7	11.2	14.9	3.3	(1.2)	16.2	19.4	21.6	15.3	19.0	22.5			
<b>NFP / (Net Debt)</b>	<b>13.6</b>	<b>19.4</b>	<b>28.1</b>	<b>10.6</b>	<b>(2.6)</b>	<b>5.5</b>	<b>16.3</b>	<b>27.9</b>	<b>1.9</b>	<b>5.2</b>	<b>9.8</b>	<b>3.6</b>	<b>11.1</b>	<b>18.2</b>
ND/EBITDA	-1.0x	-1.2x	-1.4x	-0.4x	0.1x	-0.2x	-0.5x	-0.8x	-0.1x	-0.2x	-0.3x			

Source: Intermonte SIM (E), Company Data (A), Factset Consensus (C)



## DCF Valuation

On our new estimates, we reiterate our BUY rating, raising our DCF-based TP to €82 (from €79), which offers 53% upside. Further upside may come from M&A (we see at least c.€70-80mn of firepower). The stock trades at 30x PE'24E and 26x PE'25, practically in line with reference peer BioGaia.

### PharmaNutra – DCF Model (WACC still 6.3%, g unchanged at 3%)

(Eu mn)	'24E	'25E	'26E	'27E	'28E	'29E	'30E	'31E	'32E	'33E	'34E	'35E	TV
<b>Net Revenues</b>	<b>112.4</b>	<b>123.9</b>	<b>135.5</b>	<b>146.5</b>	<b>157.1</b>	<b>166.6</b>	<b>175.4</b>	<b>181.8</b>	<b>187.7</b>	<b>193.7</b>	<b>199.6</b>	<b>205.7</b>	<b>211.8</b>
<i>YoY growth</i>	12.2%	10.2%	9.4%	8.1%	7.3%	6.0%	5.3%	3.7%	3.3%	3.2%	3.0%	3.0%	3.0%
<b>Adj. EBITDA</b>	<b>28.6</b>	<b>31.9</b>	<b>35.0</b>	<b>37.9</b>	<b>40.8</b>	<b>43.3</b>	<b>45.7</b>	<b>47.5</b>	<b>49.1</b>	<b>50.8</b>	<b>52.4</b>	<b>54.1</b>	<b>55.1</b>
% margin	25.5%	25.8%	25.9%	25.9%	26.0%	26.0%	26.1%	26.1%	26.2%	26.2%	26.3%	26.3%	26.0%
D&A	(3.5)	(3.8)	(4.2)	(4.5)	(4.9)	(5.2)	(5.4)	(5.6)	(5.8)	(6.0)	(6.2)	(6.4)	(5.3)
<b>EBIT</b>	<b>25.1</b>	<b>28.1</b>	<b>30.8</b>	<b>33.4</b>	<b>35.9</b>	<b>38.1</b>	<b>40.3</b>	<b>41.8</b>	<b>43.3</b>	<b>44.8</b>	<b>46.2</b>	<b>47.7</b>	<b>49.8</b>
% margin	22.4%	22.7%	22.8%	22.8%	22.9%	22.9%	23.0%	23.0%	23.1%	23.1%	23.2%	23.2%	23.5%
Taxes	(6.0)	(6.7)	(7.4)	(8.0)	(8.6)	(9.2)	(9.7)	(10.0)	(10.4)	(10.7)	(11.1)	(11.5)	(11.9)
<i>tax rate</i>	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Change in WC	(1.6)	(1.4)	(1.4)	(1.3)	(1.3)	(1.1)	(1.1)	(0.8)	(0.7)	(0.7)	(0.7)	(0.7)	-
Capex	(2.8)	(3.1)	(3.4)	(3.7)	(3.9)	(4.2)	(4.4)	(4.5)	(4.7)	(4.8)	(5.0)	(5.1)	(5.3)
as % of sales	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Unlevered FCF</b>	<b>18.2</b>	<b>20.6</b>	<b>22.8</b>	<b>24.9</b>	<b>27.0</b>	<b>28.9</b>	<b>30.6</b>	<b>32.1</b>	<b>33.3</b>	<b>34.4</b>	<b>35.6</b>	<b>36.8</b>	<b>37.8</b>
TV													1,134
year		1	2	3	4	5	6	7	8	9	10	11	11
Disc. Factor		0.92	0.87	0.82	0.77	0.72	0.68	0.64	0.60	0.57	0.53	0.50	0.50
<b>Disc. Flows</b>		<b>19.0</b>	<b>19.8</b>	<b>20.4</b>	<b>20.7</b>	<b>20.9</b>	<b>20.8</b>	<b>20.5</b>	<b>20.1</b>	<b>19.5</b>	<b>19.0</b>	<b>18.4</b>	<b>568.9</b>

Sum of FCF'25-35E	219.2
Terminal value	568.9
<b>Total EV</b>	<b>788.1</b>
Net Cash at YE24	5.5
Minorities	0.0
Treasury shares	1.9
<b>Equity Value</b>	<b>795.5</b>
NOSH (mn)	9.7
<b>FV per share (Eu/share)</b>	<b>82</b>
current price (Eu/share)	53.7
<i>upside vs current price</i>	53%

Source: Intermonte SIM (E), Company Data (A)

### PharmaNutra - TP Sensitivity to WACC (%) and g (%)

		g										
		2.5%	2.6%	2.7%	2.8%	2.9%	3.0%	3.1%	3.2%	3.3%	3.4%	3.5%
WACC	5.3%	101	104	107	111	114	118	122	127	132	138	144
	5.5%	94	97	100	102	105	109	112	116	120	125	130
	5.7%	88	91	93	95	98	101	104	107	110	114	118
	5.9%	83	85	87	89	91	94	96	99	102	105	108
	6.1%	78	80	82	84	85	88	90	92	94	97	100
	6.3%	74	76	77	79	80	82	84	86	88	90	93
	6.5%	70	72	73	74	76	77	79	81	83	85	87
	6.7%	67	68	69	71	72	73	75	76	78	79	81
	6.9%	64	65	66	67	68	69	71	72	73	75	76
	7.1%	61	62	63	64	65	66	67	68	69	71	72
7.3%	58	59	60	61	62	63	64	65	66	67	68	

Source: Intermonte SIM



**PharmaNutra: Valuation Multiples**

	Currency	Price	Mkt. Cap (Eu mn)	Abs. Perf. (%)			EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		Adj. P/E (x)		Div. Yield (%)	
				1m	6m	Ytd	24E	25E	24E	25E	24E	25E	24E	25E	24E	25E
PHN(@mkt price, our est.)	EUR	53.7	520	18%	-9%	-3%	4.6	4.1	18.0	15.8	20.5	17.9	30.3	25.9	1.7%	1.9%
PHN (@mkt price, cons.)	EUR	53.7	520	18%	-9%	-3%	4.6	4.1	18.0	15.0	20.3	16.6	30.0	25.0	1.7%	2.0%
PHN (@TP, our est.)	EUR	82	795				7.0	6.3	27.6	24.4	31.4	27.8	46.3	39.6	1.1%	1.3%
BioGaia	SEK	115.8	1,022	-4%	-10%	15%	7.3	6.6	21.7	18.7	23.0	19.7	30.0	25.8	1.8%	2.0%
Probi	SEK	259.0	257	4%	27%	24%	4.1	3.8	23.1	19.0	201.0	71.4	48.4	38.3	0.5%	0.6%
<b>Restricted Peer Group</b>							<b>5.7</b>	<b>5.2</b>	<b>22.4</b>	<b>18.9</b>	<b>112.0</b>	<b>45.6</b>	<b>39.2</b>	<b>32.1</b>	<b>1.2%</b>	<b>1.3%</b>
Jamieson W.	CAD	32.3	899	1%	8%	1%	2.4	2.2	12.5	11.3	14.1	13.8	19.6	16.5	2.4%	2.7%
Orion Oyj	EUR	48.8	6,869	13%	35%	23%	4.7	4.5	16.7	18.5	18.3	20.5	22.8	27.5	3.4%	3.6%
Recordati	EUR	51.9	10,843	5%	-1%	5%	5.2	4.8	14.2	13.0	17.5	15.6	19.4	17.8	2.6%	2.9%
Nature's Sunshine Produ	USD	13.1	219	-11%	-26%	-25%	0.4	0.3	4.2	3.6	7.9	6.5	22.6	15.9	0.0%	0.0%
USANA Health Sciences, I	USD	36.3	627	-5%	-21%	-30%	0.4	0.3	3.2	2.8	4.4	3.4	14.3	15.2	0.0%	0.0%
<b>Broader Peer Group</b>							<b>3.5</b>	<b>3.2</b>	<b>13.6</b>	<b>12.4</b>	<b>40.9</b>	<b>21.6</b>	<b>25.3</b>	<b>22.5</b>	<b>1.6%</b>	<b>1.7%</b>
FTSE Italia Mid Cap		45,361	39,935	2%	-2%	2%										
<b>FTSE Italia Star</b>		<b>45,060</b>	<b>17,787</b>	<b>2%</b>	<b>-3%</b>	<b>-6%</b>										
FTSE MIB		33,291	460,677	7%	0%	10%										
FTSE Italia All-Share		35,382	506,727	7%	0%	9%										

Source: Intermonte SIM, FactSet Consensus

## PharmaNutra in Brief

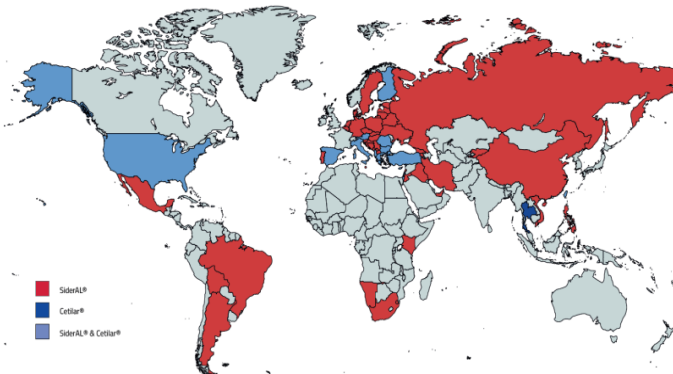
### Company description

Founded by the Lacorte brothers and established in 2003, **PharmaNutra** develops unique nutraceuticals and innovative medical devices, overseeing the entire production process from proprietary raw materials to the finished product. With products distributed in Italy (own network of c.160 sales representatives) and worldwide (via a consolidated network of top-class partners), in fewer than 20 years the group has become a leading player in the iron-based oral food supplements market (SiderAL line), where it boasts major patents linked to Sucrosomial® Technology and enjoys overwhelming market share in value terms (>50%). Since YE20, the company's shares have been listed on the STAR segment.

### Strengths/Opportunities

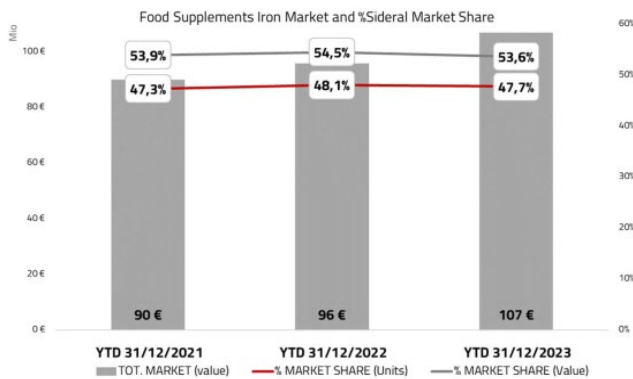
- Unchallenged leadership in the fast-growing niche oral iron supplement market (>53% market share in FY23);
- Intellectual property protection of technologies (Sucrosomial®); no patents expiring before 2032;
- Wide salesforce coverage (c.160 single-firm agents) in the domestic market;
- Product portfolio highly marketable to the medical profession with high quality recognised by physicians;
- International growth: enlargement of product portfolio with existing partners; gradual penetration of key countries (Germany, UK, France, China, Japan, and USA) using tailored strategies.

### PharmaNutra – Global Footprint: 76 countries with 44 partners



Source: Company Data

### PharmaNutra – SiderAL had >53% M/S and a retail price premium in FY23



Source: Company Data

### Management

**CEO:** Roberto Lacorte  
**Chairman:** Andrea Lacorte  
**COO:** Carlo Volpi  
**CFO:** Francesco Sarti

**Next BoD renewal:** Spring, 2026  
**BoD independent members:** 3/7  
**BoD women:** 2/7

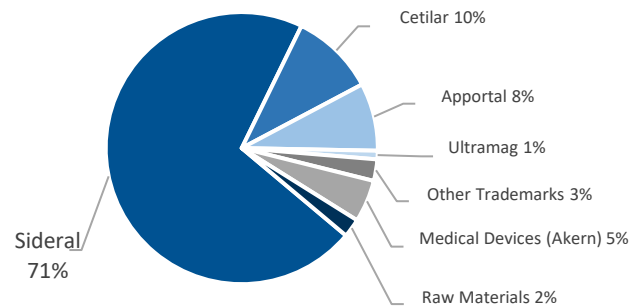
### Shareholders

Andrea Lacorte (Alh S.r.l.)	31.38%
Roberto Lacorte (Rlh S.r.l.)	23.13%
Carlo Volpi (Beda S.r.l.)	10.48%
Market	35.00%

### Weaknesses/Threats

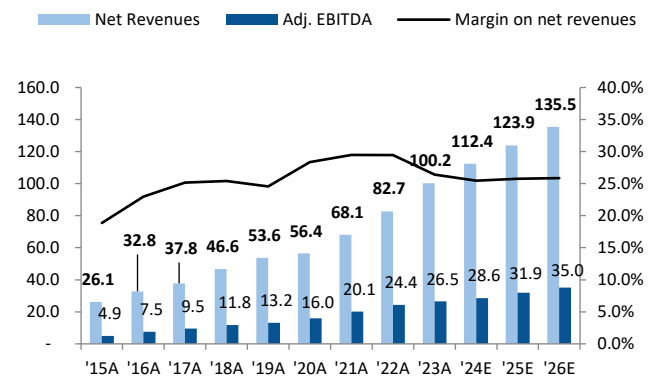
- Pipeline highly concentrated on iron-based products (SiderAL line c.71% of sales in FY23);
- Subscale in a sector typically dominated by large, global players;
- Limited M&A track record abroad so far (Akern);
- Dependence on third-party sale distribution agreements internationally;
- Any failure in executing the start-up phase of the key initiatives (USA, Cetilar Nutrition, España, China, Akern) to support long term growth.

### PharmaNutra – Breakdown of Net Sales in FY23A (€100.2mn)



Source: Company Data

### PharmaNutra – Revenue, Adj. EBITDA and Margin Trend



Source: Company Data (A), Intermonte Estimates (E)

DETAILS ON STOCKS RECOMMENDATION			
<b>Stock NAME</b>	<b>PHARMANUTRA</b>		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	82.00	Previous Target (Eu):	79.00
Current Price (Eu):	53.70	Previous Price (Eu):	50.70
Date of report:	10/09/2024	Date of last report:	14/05/2024

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

- BUY: stock expected to outperform the market by over 25% over a 12 month period;
- OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
- NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
- UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
- SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 30 June 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	23.97 %
OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

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OUTPERFORM:	51.02 %
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SELL:	00.00 %

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Emittente	%	Long/Short

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